

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own Motion
into the Rates, Operations, Practices, Service and
Facilities of Pacific Gas and Electric Company.

Investigation _____

ORDER INSTITUTING INVESTIGATION

Pacific Gas and Electric Company (PG&E) is a public utility electric corporation under this Commission's jurisdiction. The Commission exercises, in connection with general rate cases and other forums, its constitutionally and legislatively derived jurisdiction to regulate PG&E's rates, practices, service, and the reliability, safety and adequacy of its facilities. (See Public Utilities Code Sections 545 and 451.)

On November 8, 2002, PG&E filed Application (A.) 02-11-017, a general rate case proceeding, requesting a \$447 million increase in electric distribution revenues and \$105 million increase in natural gas distribution revenues for Test Year 2003. In addition, PG&E includes a proposed revenue requirement associated with its retained electric generation assets and purchased power. PG&E's requested revenue requirement includes virtually all the company's expenses for operation, maintenance, safety, and general expenses.

We commence this companion investigation to the general rate case, to be consolidated and heard on a consolidated evidentiary record, with A.02-11-017. This investigatory proceeding is opened to allow the Commission to hear proposals other than PG&E's, and to enable the Commission to be able to enter orders on matters for which the utility may not be the proponent. It is to afford

parties, and this Commission, an opportunity and forum to provide and consider evidence on issues of interest. These issues may result in directives to PG&E that serve the public interest and result in just and reasonable rates, service and facilities. PG&E is hereby placed on notice that the evidence taken in these consolidated proceedings may be the basis for findings and Commission orders. Accordingly, the Commission commences this investigation to study and determine issues surrounding PG&E's revenue requirement, rates, practices, service, facilities, and maintenance practices.

We will hold a prehearing conference in this investigation simultaneously with the prehearing conference for the companion general rate case proceeding, A.02-11-017.

IT IS ORDERED that:

1. This investigation is commenced as a companion to Application (A.) 02-11-017, for the purposes of taking evidence and entering orders within the jurisdiction of the Commission in connection with Pacific Gas and Electric Company's (PG&E) revenue requirement, rates, service, practices, maintenance and facilities. PG&E is the respondent utility in this proceeding.

2. PG&E is hereby placed on notice that the Commission, for good cause, and to advance the public interest by setting just and reasonable rates and terms for the provision of utility service, may enter orders beyond the confines of what PG&E requests in companion consolidated proceeding, A.02-11-017. Subsequent scoping memos issued in connection with prehearing conferences will determine the scope of this proceeding. This proceeding is classified as ratesetting.

3. The Executive Director shall serve a copy of this order by mail on PG&E's representative for regulatory affairs:

Les Gulasi
Pacific Gas and Electric Company
Regulatory Affairs Department
77 Beale Street, Room 1087
San Francisco, CA 94105

This order is effective today.

Dated _____, at San Francisco, California.